


# Liability Limitation Schedule

	<b>Louisiana Department of Health (LDH)</b>	
	<b>Policy Number</b>	14.1
	<b>Content</b>	Liability Limitation Schedule for LDH Provided Services
	<b>Effective Date</b>	December 20, 1991
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If there is a discrepancy between an LDH Policy and a Program Office or facility policy, the LDH policy shall govern/override/supersede the conflicting section within the Program Office or facility policy.

## I. STATEMENT OF PURPOSE, SCOPE AND ELIGIBILITY

The Louisiana Department of Health (LDH) Liability Limitation Schedule will standardize the method by which LDH will limit the annual amount which the client/patient is responsible to pay, by using the Federal Poverty Income Guidelines as a basis for determining what portion, if any, of a patient's/client's charges will be billed.

Any bona fide resident of the state of Louisiana shall be eligible for services or treatment by any facility owned and operated by the LDH. Those persons who are determined not to be indigent shall be billed in accordance with this policy for any treatment or services received. However, in no event shall emergency treatment be denied to anyone. Persons seeking treatment shall furnish all information requested by the facility or program office providing the service. Eligibility established in one office may be used for service/treatment in any facility or program throughout the LDH.

The LDH Liability Limitation Schedule will apply to all offices of LDH exclusive of the Office of Public Health, which provide services for which there is a charge to the patient/recipient/client except as expressly prohibited by federal or state statutes, rules or regulations.

This policy will apply, but not be limited to the following LDH programs and services:

- A. Inpatient and outpatient services provided by state general hospitals.
- B. Inpatient and outpatient services provided by the Office of Human Services.

C. Residential facilities and out-of-home care (See definition below).

Nothing in this policy is intended to be in conflict with federal or state law, rule or policy pertaining to the provision of services to the indigent.

## **II. DEFINITIONS**

The following definitions shall apply to the LDH Liability Limitation Schedule for patient billing:

### **Indigent**

As used herein means any client, patient, or recipient whose family unit size and gross income is equal or less than two hundred percent (200%) of the Federal Poverty Income Guidelines for that size family unit rounded up to the nearest thousand dollars.

### **Gross Income**

As used herein means income as determined under Title XIX (Medicaid) guidelines. Gross income as determined shall be rounded down to the nearest thousand dollars when applied to the LDH Liability Limitation Schedule.

### **Dependent**

As used herein means all persons dependent on the household income as accepted by the Internal Revenue Service (IRS) for federal income tax purposes. In case of a minor not claimed as a dependent for income tax purposes, the parents are still responsible for payment based on the Liability Limitation Schedule but may increase the dependent deductions by the client(s) in question. (See Appendix A for IRS definition.)

### **Family**

For purpose of establishing liability limitations under this policy, the basic family unit is defined as consisting of one or more adults and children, if any, related by blood, marriage, adoption, and residence in the same household.

### **Responsible Persons**

As used herein means the client's parents or guardians if the client is under the age of eighteen, unless someone else claims the client as a dependent, in which case it is that person. If the client is over eighteen, the client is responsible for his/her contribution based on his/her gross family income and allowed deductions, unless claimed as a dependent, in which case the claimant becomes responsible for the fee toward the cost of care based on the claimant's family income.

### **LDH Residential Facilities and Out-of-Home Placements**

State mental hospitals and schools for the mentally retarded or developmentally disabled, in-patient treatment facilities, and out-of-home placement programs operated or partially funded by the Office of Human Services.

### **Third Party Payor**

As used herein shall mean any party other than the service recipient and/or family unit and the state who is or may be legally liable for payment of incurred expenses.

### III. REGULATIONS

- A. Billing for services rendered shall be made to the client/recipient/patient or responsible party in accordance with this policy.
- B. A person responsible for the payment of charges for services rendered who refuses or fails to supply the information necessary for an accurate determination of the liability limitation on services rendered shall be presumed to pay the full charge for services rendered and shall be billed accordingly. Any person who is potentially eligible for medical assistance benefits from any federal or state program who refuses to provide evidence of application for said benefits shall be presumed to be able to pay the full charge for services rendered and shall be billed accordingly, or in the case of voluntary, non-emergent services, may be refused LDH assistance, dependent upon individual program policies.
- C. Eligibility will be good for one year. Periodic checks may be made with the responsible person to make charge adjustments as necessary. The responsible person shall be advised of his responsibility to report any change in the family unit income, employment, composition, etc.
- D. If the responsible person refuses to assign insurance benefits to the treating facility to cover the charges for services/treatment received, the responsible person will be presumed to be able to pay full charges for services/treatment and shall be billed accordingly.
- E. Wherever applicable, billing for services rendered shall be sent monthly to the client or responsible person in accordance with the Liability Limitation Schedule. When a recipient/client becomes delinquent in his account, the delinquency shall be handled in accordance with LDH Policy #118.1, regarding collection procedures for patient bills.
- F. All insurance companies or any other third party payor which the responsible person claims has issued a policy or contract covering the charges for treatment/services, or who is otherwise legally responsible for payment, shall be liable and billed the full charge for services rendered. Billings shall be made directly to the insurer or other third party payor by the treating facility after securing execution of the necessary forms (including an assignment of benefits to the treating facility) by the responsible person. The responsible person shall be liable for the amount of charges not covered and/or paid by insurance or other third party payor up to the amount that the responsible person would have been obligated if no third party had been involved. In the case where Medicare is the third party payor, charges cannot exceed the amount of coinsurance or deductible allowed by Medicare.
- G. The following procedure applies to those hospitals without designated counsel for liability intervention appointed by the Attorney General under LA. R.S., Title 46. For liability cases

only, upon receipt of a letter from an attorney or an insurance company or other third party payor requesting a patient's records, the attorney or company shall be sent, within thirty (30) days from receipt, a bill for full charges applicable to that patient. At the same time as the mailing of that bill, a copy of that patient's file pertaining to charges for treatment/services and their collection, as well as a copy of the requesting letter, shall be forwarded to the Division of Fiscal Management. Patient's records are not to be released until a properly executed consent by the patient, parent or guardian (as applicable) is received and the fee for copies of records is paid in advance, except to any office of the LDH for the purpose of facilitating the meeting of its responsibilities.

- H. Whenever a service is requested, in addition to an eligibility card, one of the following shall be checked to verify identity:
  - Medicaid card
  - A valid driver's license
  - Voter's registration card
  - A recent utility bill
  - Birth certificate
  - Picture Identification
- I. The Secretary of LDH or his designee will be authorized to approve exceptions to the Liability Limitation Schedule Policy.

#### **IV. LIABILITY LIMITATION SCHEDULE**

- A. Each office shall develop internal management procedures for billing. A copy of these procedures shall be housed in the Office of Management and Finance, Division of Policy and Program Development.
- B. Family income shall be determined in accordance with Federal Title XIX (Medicaid) guidelines.
- C. Any individual or family unit who is "indigent" as defined herewith shall be eligible for treatment/services in any state facility or through program offices at no cost to the family unit.
- D. Any family unit whose gross income exceeds two hundred percent (200%) of the Federal Poverty Income Guidelines for that family unit rounded up to the nearest thousand dollars shall be liable for treatment/service in accordance with the LDH Liability Limitation Schedule.
- E. The LDH Liability Limitation Schedule is used as follows:
  - 1. The Federal Poverty Guidelines are multiplied times two hundred percent (200%) and rounded UP to the nearest thousand dollars.

2. The family unit income rounded DOWN to the nearest thousand dollars is compared to the scale.
  3. For each one thousand dollars over the Federal Poverty Income Guidelines for the appropriate family unit, the responsible person is liable for two hundred dollars of the total cost of services provided.
- F. The Secretary of LDH shall have the authority to adjust the Liability Limitation Schedule to the same extent that changes in the Federal Poverty Income Guidelines are published annually in the "Federal Register".
- G. When documented medical bills, incurred within the twelve (12) months prior to treatment/service equals to or exceeds twenty percent (20%) of the annual gross family unit income, treatment/ services shall be provided at no cost to the family unit. The period of eligibility begins at the date at which liability reached the 20% figure through the end of calendar year. Such patients with third party payors or potential third party payors shall be provided no cost medical services for only that portion of their bill for which no third party payor is or may be liable.

## **V. REGULATIONS FOR SERVICES AND FACILITIES OTHER THAN STATE GENERAL HOSPITALS**

- A. LONG-TERM INPATIENT CLIENTS RECEIVING SOCIAL SECURITY
1. Facilities treating patients who receive Social Security funds shall arrange to have those funds less a personal needs allowance, paid directly to the treating facility.
  2. Upon receipt of the Social Security payment, the treating facility shall apply those payments to the bill. The excess of those Social Security payments over the charges for treatment shall be deposited into an account maintained by the facility/program on behalf of the patient/client. Upon discharge of the patient/client or upon his demand, the balance of funds remaining in that account shall be paid to the patient/client or the responsible person as provided by law.
  3. If payment of Social Security funds directly to the treating facility/program is not made, billing shall be in accordance with this policy.

## **VI. DISCIPLINARY ACTIONS**

Any employee who violates this policy may be subject to disciplinary action up to and including dismissal from employment.

## **VII. REVISION HISTORY**

Date	Revision
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May 1, 1977	Policy created
October 1, 1982	Policy revised
November 20, 1988	Policy revised
December 20, 1991	Policy revised
	Policy revised

## APPENDIX A

### Explanation of Dependent

Dependent (As defined by the Internal Revenue Service for 1990)

A dependent is any person who meets ALL 5 of these tests:

1. income;
2. support;
3. married dependent;
4. citizenship or residence; and
5. relationship

Explanation of each of these tests are explained below

1. **Income:** In general, the person must have received less than \$2,050 of gross income. Gross income does not include nontaxable income, such as welfare benefits or nontaxable social security benefits. Income received by a permanently and totally disabled person for services performed at a sheltered workshop school is generally not included in gross income for purposes of the income test.

#### **Special Rules for Your Dependent Child**

Even if your child had income of \$2,050 or more, you can claim your child as a dependent if tests a, b, and c, below are met, and;

- your child was under 19 at the end of the calendar year, or
- your child was under age 24 and enrolled as a full-time student at a school during any 5 months of the calendar year, or
- your child took a full-time, on-farm training course during any 5 months of the calendar year. (The course had to be given by a school or a state, county or local government agency.)

The school must have a regular teaching staff, a regular course of study, and a regularly enrolled body of students in attendance.

A school includes:

- elementary, junior, and senior high schools;
- colleges and universities; and
- technical, trade, and mechanical schools.

However, school does not include on-the-job training courses or correspondence schools.

2. **Support:** In general, you must have given over half of the dependent's support in the calendar year. The support can be from you or your spouse. Even if you did not give over half of the dependent's support, you will be treated as having given over half of the support if you meet the tests explained below for Children of Divorced or Separated Parents or Dependent Supported by Two or More Taxpayers.

In figuring total support, you must include money the dependent used for his or her own support, even if this money was not taxable (for example, gifts, savings, welfare benefits). Support includes items such as food, a place to live, clothes, medical and dental care, recreation and education. In figuring support, use the actual cost of these items. However, the cost of a place to live is figured at its fair rental value.

Do not include in support items such as income and social security taxes, premiums for life insurance, or funeral expenses.

**Capital items:** You must include capital items such as a car or furniture in figuring support, but only if they were actually given to, or bought by, the dependent for his or her use or benefit. Do not include the cost of a capital item for the household or for use by persons other than the dependent.

If you cared for a foster child, see Publication 501 for special rules that apply.

**Children of Divorced or Separated Parents.** The parent who has custody of a child for most of the year (the custodial parent) can generally take the exemption for that child if the child's parents together paid more than half of the child's support. This general rule also applies to parents who did not live together at any time during the last 6 months of the year. But the parent who does not have custody, or who has the child for the shorter time (the non-custodial parent), may take the exemption if either a or b below applies.

- a. The custodial parent signs Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, or similar statement, agreeing not to claim an exemption for the child in the calendar year, and the non-custodial parent attaches the form, or similar agreement if it went into effect after 1984, to his or her the calendar year tax return, OR
- b. A decree of divorce or separate maintenance (or a written agreement) that was in effect before 1985 states that the non-custodial parent can take the exemption and he or she gave at least \$600 for the child's support in the calendar year. The non-custodial parent must check the box on line 6d for pre-1985 agreements. (This rule does not apply if the decree or agreement was modified after 1984 to specify that the noncustodial parent cannot claim the exemption.)

NOTE: In figuring support, a parent who has remarried may count the support provided by the new spouse.

Dependent Supported by Two or More Taxpayers. Sometimes two or more taxpayers pay more than half of another person's support, but no one alone pays over half of the support. One of the taxpayers may claim the person as a dependent only if the tests for income, married dependent, citizenship or residence, and relationship, discussed on the next page are met.

In addition, the taxpayer who claims the dependent must:

- a. have paid more than 10% of the dependent's support, and
- b. attach to his or her tax return a signed Form 2120, Multiple Support Declaration, from every other person who paid more than 10% of the support. This form states that the person who signs it will not claim an exemption in the calendar year for the person he or she helped to support.

3. Married Dependent

The dependent did not file a joint return. However, if neither the dependent nor the dependent's spouse is required to file, but they file a joint return to get a refund of all tax withheld, you may claim him or her if the other four (4) tests are met.

4. Citizenship or Residence

The dependent must have been a citizen or resident of the United States, a resident of Canada or Mexico or an alien child adopted by and living the entire year with a U.S. citizen in a foreign country.

5. Relationship

The dependent met test a or b below.

- a. Was related to you (or your spouse if you are filling a joint return) in one of the following ways:

Child	Stepbrother	Son-in-law
Stepchild	Stepsister	Daughter-in-law
Mother	Stepmother	or, if related
Father	Stepfather	by blood:
Grandparent	Mother-in-law	Uncle
Brother	Father-in-law	Aunt
Sister	Brother-in-law	Nephew
Grandchild	Sister-in-law	Niece
Great-Grandparent	Great-Grandchild	

Note: Any relationships that have been established by marriage are not treated as ended by death or divorce.



- b. Was any other person who lived in your home as a member of your household for the whole year. A person is not a member of your household if at any time during your tax year the relationship between you and that person violates local law.

The word CHILD includes:

- Your son, daughter, stepson, stepdaughter, or adopted son or daughter.
- A child who lived in your home as a member of your family if placed with you by an authorized placement agency for legal adoption.
- A foster child (any child who lived in your home as a member of your family for the whole year).